

DE 99-120
DE 00-231

GRANITE STATE ELECTRIC COMPANY

2001 Demand Side Management Program

**Order Approving Conservation Factors,
Rejecting 2001 DSM Program and
Addressing Incentive Mechanism**

O R D E R N O. 23,603

December 22, 2000

On October 16, 2000, Granite State Electric Company (GSEC) filed with the New Hampshire Public Utilities Commission (Commission) its 2001 Demand Side Management (DSM) Program. GSEC indicates that it proposes to continue to offer its current residential and commercial/industrial DSM programs, modified to reflect market and technology transformation, at a total budget level of \$1,750,200; the proposed residential program budget is \$389,600 and the proposed commercial/industrial program budget is \$1,360,600. The proposed residential conservation factor is \$0.00054 per kilowatt-hour (kWh), which is a \$0.00077 per kWh decrease from the current 2000 factor of \$0.00131 per kWh. The proposed commercial/industrial conservation factor is \$0.00138 per kWh, which is a \$0.00152 per kWh decrease from the current 2000 factor of \$0.00290 per kWh.

GSEC states in its filing that while most of the proposed programs for 2001 are the same as offered in 2000, there are several new initiatives that are intended to continue GSEC's efforts to transform markets and create new opportunities for customers to reduce energy consumption and costs.

On December 1, 2000, Public Service Company of New Hampshire (PSNH) filed with the Commission a Joint Request for Extension of Time to File Core Programs Proposal (Joint Request). The Joint Request was joined by Concord Electric Company, Connecticut Valley Electric Company, Exeter & Hampton Electric Company, GSEC and New Hampshire Electric Cooperative, Inc. PSNH noted that the Commission, in Order No. 23,574 (November 1, 2000), established guidelines for post-competition energy efficiency programs and contemplated a January 2, 2001 joint filing with respect to core programs. The utilities averred that they have common resource constraints at this time of year for various reasons and contend that the additional time would provide the opportunity for a collaborative result. The utilities also request that individual company filings for PSNH and GSEC be due thirty days following Commission action on the core programs filing and ninety days for the remaining electric utilities. On

December 18, 2000, the Commission approved the Joint Request.

The Commission has reviewed GSEC's filing in the context of our recent decision on energy efficiency, Order No. 23,574 (November 1, 2000) in Docket DR 96-150, Electric Utility Restructuring: Energy Efficiency Programs. Based upon that review, the Commission rejects GSEC's 2001 DSM Program and directs GSEC to file a revised 2001 DSM program in accordance with the modified schedule approved by the Commission by secretarial letter dated December 18, 2000.

The Commission recognizes that there will be a period of time during which GSEC's programs may not be consistent with regional programs should GSEC programs continue unchanged. Therefore, we permit the Company to change its current program so that existing rebate levels for 2001 are consistent with regional initiatives. The Commission directs GSEC to postpone implementation of any new initiatives or modifications to eligibility requirements or other rebates pending approval of the utilities' core programs. Therefore, we expect that GSEC's budget for an interim 2001 DSM program will be approximately equal to its 2000 budget. Further, we encourage GSEC to participate in the development of the core programs by the utilities to ensure that the core programs can be delivered equitably and efficiently within GSEC's service

territory.

We note that ISO-NE has developed and continues to work on implementing a Load Response Program, by which utilities and others can enlist participation by customers to reduce load particularly at peak periods, thus helping the New England markets amid price spikes and reliability concerns. Our approval of the schedule for filing core programs in May, 2001 is not meant to relieve GSEC of its responsibility to address load response opportunities in its service area. See Secretarial Letter dated December 18, 2000 in DR 96-150.

Additionally, the Commission must address GSEC's incentive mechanism, an issue outstanding from Docket DE 99-120. The Commission deferred a decision on GSEC's incentive mechanism for its 1999 DSM program pending the New Hampshire Energy Efficiency Working Group's recommendations. However, it appears from GSEC's filing that GSEC believes that the order approving the 2000 DSM program also approved the incentive mechanism proposal submitted by GSEC which was agreed to by Staff. The Commission has reviewed Order No. 23,361, Re Granite State Electric Company, 84 NHPUC 667 (1999), and does not believe that the Order specifically grants approval of the proposed incentive mechanism. Now that the Commission has issued Order No. 23,574, the Commission

will apply the incentive mechanism granted to the utilities in that order to GSEC for program years 1999 and 2000.

Therefore, the Commission directs GSEC to recalculate its 1999 incentive and submit the incentive amount and supporting workpapers to the Commission for review and approval by February 1, 2001.

Further, although the Commission deliberated on November 20, 2000 whether to keep existing rates in effect until GSEC's 2001 DSM program was approved, the Commission has reconsidered this issue in light of the Joint Request filed by the utilities. The Commission anticipates that GSEC's 2001 DSM program will now be filed sometime in May or June 2001 for implementation September 2001. Considering that GSEC projects a \$1 million over-recovery at year-end, the Commission will approve the conservation factors in GSEC's October 16, 2000 filing for effect January 1, 2001 to avoid further over-recovery of costs. Because the conservation factors are fully reconciling, any further over/undercollection due to the interim 2001 DSM program will be included in the calculation of the new rates.

Additionally, we waive the application of N.H. Admin. Rules, Puc 1203.05(a), which requires generally that rate changes be implemented on a service-rendered basis, and will allow GSEC to

implement its conservation factors on a bills-rendered basis. This waiver, pursuant to Puc 201.05, produces a result consistent with the principles embodied in Puc 1203.05(b), which sets forth exceptions for allowing rate changes on a bills-rendered basis, and is in the public interest because it eliminates customer confusion and reduces administrative costs.

Based upon the foregoing, it is hereby

ORDERED, that Granite State Electric Company's 2001 Demand Side Management program is REJECTED; and it is

FURTHER ORDERED, that GSEC continue its current program into 2001 with the modifications described above; and it is

FURTHER ORDERED, that the following Conservation Factors are APPROVED for effect January 1, 2001 on a bills-rendered basis:

Residential	\$0.00054 per kWh
Commercial/Industrial	\$0.00138 per kWh;

and it is

FURTHER ORDERED, that GSEC shall file a compliance tariff with the Commission on or before January 7, 2001, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

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By order of the Public Utilities Commission of New
Hampshire this twenty-second day of December, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Claire D. DiCicco
Assistant Secretary